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Message Text

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ACTION IO-14

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-07 ISO-00 OIC-02
SP-02 USIA-06 AID-05 EB-07 NSC-05 EPG-02 TRSE-00
SS-15 STR-04 OMB-01 CEA-01 L-03 H-01 PA-01 PRS-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 AGRE-00 NEA-10 /140 W
----------071359Z 096429 /53
R 070910Z JUN 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 5115
INFO AMEMBASSY ABIDJAN
AMEMBASSY BOGOTA
AMEMBASSY BONN
AMEMBASSY GUATEMALA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY MANAGUA
AMEMBASSY MANILA
"AMEMBASSY MEXICO 428
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN JOSE
AMEMBASSY KINGTON
AMEMBASSY TEGUCIGALPA
AMEMBASSY TOKYO
AMEMBASSY YAOUNDE
AMEMBASSY PARIS
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E.O. 11652: N/A
TAGS: FAO, OCON
SUBJECT: BANANAS: SECOND SESSION OF FAO WORKING PARTY

REF: ROME 11176 OF 1976

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SUMMARY: THE SECOND SESSION OF THE WORKING PARTY ON BANANAS MET IN ROME MAY 30-JUNE 4 TO DISCUSS POSSIBLE ELEMENTS IN AN INTERNATINAL BANANA AGREEMENT. TECHNICAL DISCUSSION WAS NOT EXTENSIVE. EMPHASIS REMAINED ON THE ATTEMPT TO ACHIEVE CONSENSUS ON EXPORT QUOTAS AS THE BASIC ARRANGEMENT OF SUCH AN AGREEMENT. PRODUCING COUNTRIES ACHIEVED A NEW DEGREE OF UNITY, STATING THEIR ACCEPTANCE OF THE REGULATION OF PRODUCTION AND OF EXPORT QUOTAS. MOST IMPORTING COUNTRIES ALSO STATED THEIR AGREEMTN. THE U.S. AND GERMANY REMAINED POLITELY ISOLATED IN OUR RELUCTANCE TO ACCEPT IN PRINCIPLE A MECHANISM WHOSE PRACTICAL APPLICATION IN THIS SPECIFIC CASE REMAINS IN DOUBT. WORKING PARTY AGREED TO CONTINUE WORK AND DISCUSSED UPCOMING UNCTAD PREPARATORY MEETING ON BANANAS. END SUMMARY

1. THE SECOND SESSION OF THE WORKING PARTY ON BANANAS MOVED CLOSER TO THE NEGOTIATING STAGE OF AN INTERNATIONAL AGREEMENT ON BANANAS. AT THIS MEETING PRODUCERS MANAGED THEIR FIRST DISPLAY OF UNITY. THEY MET AS A GROUP ON THE THIRD DAY OF THE CONFERENCE AND LATER DECLARED TO IMPORTERS THAT THEY WERE PREPARED TO ACCEPT IN PRINCIPLE THE REGULATION AND RATIONALIZ-TION OF THEIR PRODUCTION TO CORRESPOND TO DEMAND. THEY STATED THAT THEY CONSIDERED THE MOST APPROPRIATE BASIC MECHNISM FOR AN INTERNATIONAL BANANA AGREEMENT TO BE EXPORT QUOTAS AND THAT ALTHOUGH PROBLEMS EXISTED THEY BELIEVED THOSE COULD BE WORKED OUT. THEY ALSO NOTED THEIR AGREEMENT ON THE QUESTION OF PREFERENTIAL ARRANGEMENTS BY STATING THEIR ACCEPTANCE OF THE SECOND ALTERNATIVE PREPARED BY THE FAO SECRETARIAT IN PARAGRAPH 28. THE PREFERENTIAL PRODUCERS WERE ADAMANT IN DEFENDING THEIR PREFENCES INTO THE UK AND FRENCH MARKETS
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2. IMPORTERS DISPLAYED LESS OBVIOUS UNITY BUT WERE GENERALLY SUPPORTIVE OF EACH OTHER. THE EEC MADE A GENERAL STATEMENT AT THE OUTSET OF THE CONFERENCE INDICATING ITS WILLINGNESS TO COOPERATE WITH EXPORTERS IN ESTABLISHING PRODUCTION GOALS BUT DID NOT MENTION EXPORT QUOTAS. THE EEC DID NOT HAVE A FULLY UNIFIED POSITION HOWEVER AND INDIVIDUAL DELEGATIONS CONTINUED TO SPEAK FOR THEMSELVES. REPRESENTATIVES OF THE COMMISSION NEVERTHELESS LOBBIED HARD, UNSUCCESSFULLY, ON THE FIRST DAY FOR A POSITION AMONG IMPORTERS ACCEPTING EXPORT QUOTAS.

3. MOST IMPORTER DELEGATIONS WERE WILLING TO INDICATE THEIR ACCEPTANCE IN PRINCIPLE OF AN EXPORT QUOTA MECHANISM IF EXPORT-ERS SO DESIRED. SOME DELEGATINS WERE ANXIOUS TO DO SO TO SHOW THEIR GOOD FAITH AND AVOID CONFRONTATION. SEVERAL EX-PRESSED THE VAGUE PREMISE THAT MORE PROGRESS AT FAO WOULD AVOID PROBLEMS AT UNCTAD. WHEN PRODUCERS DID EXPRESS THEIR UNITY. SEE PARA 1 ABOVE, THE DELEGATINS OF THE UK, FRANCE, ITALY AND JAPAN CAME FORWARD WITH THEIR ACCEPTANCE IN PRINCIPLE.

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4. GERMANY AND THE U.S. WERE THE ONLY TWO DELEGATION TO
CONTINUE TO EXPRESS RESERVATIONS ON THE EXPORT QUOTA MECHANISM
AND TO REFUSE TO ACCEPT IN PRINCIPLE SUCH A MECHNISM BEFORE
IT COULD BE SHOWN TO BE WORKABLE. GERMANY REMAINED RELATIVELY
QUIET BUT OPPOSED TO ANY ATTEMPT TO REGULATE PRICES. THE U.S.
RESTARAINED ITS STATEMENTS TO POINTING OUT TECHNICAL PROBLEMS,
ASKING QUSTIONS, AND BEING GENERALLY SUPPORTIVE OF EFFORTS
TO INCREASE CONSUMPTION. AFTER THE STATEMENT BY EXPORTERS OF
THEIR WILLINGNESS TO REGUALTE PRODUCTION IT WAS GNERALLY AGREED
AMONG IMPORTERS THAT TO CONTINUE TO HAMMER AWAY AT THIS ISSUE
WOULD BE COUNTERPRODUCTIVE.

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E.O. 11652: N/A
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5. THE RESERVATINS EXPRESSED BY IMPORTERS WERE GENERALLY ACCEPTED BY THE EXPORTERS WHO DID NOT MAKE AN ISSUE OF THEM. SOME EXPORTER DELEGATIONS, IN PARTICULAR UPEB, INDICATED THEIR WILLINGNESS TO PROVIDE MORE TIME FOR STUDY TO ALLOW THESE CONCERNS TO BE WORKED OUT.

6. IN THE FINAL ANALYSIS MOST DELEGATIONS, EXPORTERS INCLUDED, WERE WORRIED ABOUT TAKING BANANAS TO UNCTAD. THE SUPERFICIAL UNITY ATTAINED BY EXPORTERS AT THIS CONFERENCE IS PERHAPS A SIGNIFICANT STEP FORWARD ON THEIR PART. IT WAS ALSO NOTICEABLE THAT THE DELEGATINS FROM UPEB AND ECUADOR WERE MUCH MORE IN ACCORD THAN IN THE PAST. NEVERTHELESS SERIUS DIFFERENCES REMAIN BETWEEN THEM ON THE QUESTIONOF PRODUCTION CONTROLS, MARKET SHARES AND THE PLACE F PREFERENTIAL ARRANGEMENTS. MOST WOULD PREFER TO AVOID THE POLITICAL PRESSURES OF UNCTAD.

7. THE FINAL REPORT PREPARED BY THE SECRETARIAT IS REASONABLY WELL-BALANCED. IT GIVES MORE WEIGHT TO THE EXPORTER SIDE OF THE QUESTION BUT EXPORERS DID MOST OF THE TALKING. IT CONTINUES TO PRESS FOR AND MOVE TOWARD AN AGREEMENT BUT COMMITS THE U.S. TO NOTHING MORE THAN OUR ORIGINAL AGREEMENT TO LISTEN AND DISCUSS.

8. IN CONCLUSION THE WORKING PARTY RECOMMENDED THE BEGIN QUTE THE SECRETARIAT PROCEED TO THE ELABORATION OF A WORKING DRAFT OR A POSSIBLE INTERNATIONA AGREEMENT WHICH SHOULD INCLUDE DETAILED SUPPORTING MATERIAL ON HOW ECONOMIC MEASURESMIGHT OPERATE IN THE AGREEMENT AND IN PARTICULAR ON HOW AN EXPORT QUOTA MECHNISM MIGHT FUNCTION EFFECTIVELY AND HOW A SUITABLE PRICE MECHANISM MIGHT BE DEVELOPED TO HELP ACHIEVE THE AGREEMENT OBJECTIVES: IN ORDER TO ASSIST THE SECRETARIAT, MEMBER COUNTRIES WERE INVITED TO SUBMIT IN SRITING THEIR VIEWS ON THE
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ABOVE ISSUES. END QUOTE

9. THE WORKING PARTY ALSO AGREED TO THE FOLLOWING STEPS TO HASTEN PROGRESS TOWARD AN AGREEMENT: (A) EXPORTING COUNTRY CONSULATATIONS CULMINATING IN AN EXPORTERS MEETING: (B) FAO SEEK ADVICE OF TECHNICAL EXPERTS: (C) AFTER SUFFICIENT PROGRESS TOWARD ELABORATION OF A WORKING DRAFT, THE WORKING PARTY WOULD MEET AGAIN, PROBABLY IN THE FIRST HALF OF 1978--MAY WAS MENTIONED: (D) THE CHAIRMENT OF THE WORKING PARTY INFORM UNCTAD ON PROGRESS AND PLANS OF WORKING PARTY: AND (E) A FALL MEETING OF THE FAO'S INTERGOVERNMENTAL GROUP ON BANANAS WOULD BE HELD IN THE SECOND HALF OF 1978 TO APPROVE AN ADVANCED WORKING DRAFT OR AN AGREEMENT WHICH COULD FORM THE BASIS FOR NEGOTIATION UNDER UNCTAD AUSPICES.

10. ACTION: THE U.S. DELEGATION TO UNCTAD AD HOC COMMITTEE ON THE INTEGRATED COMMODITY PROGRAM MEETING IN JULY TO CONSIDER THE UNCTAD SCHEDULE OF COMMODITY MEETINGS SHOULD NOTE THAT A FIVE-DAY MEETING OF THE UNCTAD PREPARATORY MEETING ON BANANAS IS NOT NECESSARY IF THE WORK CAN CONTINUE IN THE FAO WORKING PARTY. THUS THE DELEGATIN MIGHT BE INSTRUCTED T SEEK A SHORTER, 1 OR 2-DAY MEETING, OR IF POSSIBLE A POSTPONEMENT UNTIL AFTER THE FAO INTERGOVERNMENTAL GROUP MEETS IN THE SECOND HALF OF 1978. THE UNCTAD REPRESENTATIVE TO THE FAO MEETING WAS A.. BOHRISCH.

11. COMMENT: THERE WAS A GENERAL OPINION AMONG THE WORKING PARTY MEMBERS THAT ACTUAL NEGOTIATIONS ON AN INTERNATIONAL BANANA AGREEMENT ARE FORESEEABLE IN THE RELATIVELY NEAR FUTURE. FROM INDUSTRY SOURCES WER HEAR THAT SOME LATIN AMERICAN PRODUCERS HAVE DOUBTS ABOUT AN AGREEMENT, AND THE STATUS OF PREFERENTIAL ARRANGEMENTS WILL CONTINUE TO PRESENT DIFFICULTIES. NEVERTHELESS, THE NEW-FOUND EXPORTER UNITY MAY BE SUFFICIENT TO PUSH ALL PARTIES TOWARDS A QUOTA AGREEMENT. IN VIEW OF THIS SITUATION, IF THE U.S. WISHES TO AVOID FURTHER ISOLATION, THE USDEL BELIEVES IT IS IMPORTANT TO BEGIN A THOROUGH REVIEW OF THE OPTIONS IN ORDER TO MAKE AN EFFECTIVE IMPUT INTO THE INTERIM WORK OF THE FAO SECRETARIAT.GARDNER
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Message Attributes

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TAGS: OCON, FAO
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